STANDING COMMITTEE ON HUMAN SERVICES

FIFTH REPORT

Public Hearings on Bill No. 12
The Consumer Protection Amendment Act, 2005
(after first reading)

April 28, 2006
2nd SESSION of the 25th LEGISLATURE
LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

106-05348/

Legislative Assembly of Saskatchewan

Standing Committee on Human Services

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April 28 2006

To the Honourable Members of the Legislative Assembly

HONOURABLE MEMBERS:

Your Standing Committee on Human Services has the honour to present its report on the public inquiry on Bill No. 12 – *The Consumer Protection Amendment Act, 2005*.

Judy Junor
Chair
Standing Committee on Human Services

ACKNOWLEDGEMENTS

The Standing Committee on Human Services expresses its sincere thanks for the assistance it received from various branches of the Legislative Assembly Service, which contributed in many different ways to the business of your Committee.

Your Committee extends its appreciation to Ms. Iris Lang, who serves as the Clerk to your Committee. Members of your Committee are grateful for the assistance of its Research Officer, Mr. Justin Messner, in the preparation of this report. Your Committee also acknowledges Ms. Sandra Gardner and the other staff of the Office of the Clerk, who assisted in the logistical organization of the public hearing schedule and meetings. Special thanks are also extended to Ms. Lenni Frohman, Ms. Darlene Trenholm and Ms. Cheryl Behrns of the *Hansard* Branch, as well as to Mr. Darcy Hislop and his staff for their assistance with broadcasting and web casting the proceedings during the public hearing process. Your Committee also thanks Ms. Traci Willis for the formatting and production of this report, as well as other staff members of the Legislative Assembly Service who supported the work of your Committee.

Your Committee also wishes to extend its appreciation to all the individuals and groups who made oral presentations and submitted written briefs. The information presented and the opinions expressed were of valuable assistance in reviewing Bill No. 12 – *The Consumer Protection Amendment Act, 2005*.

STANDING COMMITTEE ON HUMAN SERVICES MEMBERS

Chair:		Ms. Judy Junor	MLA Saskatoon Eastview
Deputy Chair:		Mr. Wayne Elhard	MLA Cypress Hills
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		Mr. Milt Wakefield	MLA Lloydminster

Members substituting for permanent members of your Committee:

Mr. Delbert Kirsch MLA Batoche

Mr. Warren McCall MLA Regina Elphinstone-Centre

Mr. Don Morgan MLA Saskatoon Southeast

Mr. Peter Prebble MLA Saskatoon Greystone

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1. INTRODUCTION

This report is of historical significance, as it marks the first report from a standing committee of the Legislature to hold public hearings on a Bill following first reading.

On January 16, 2006, the Sub-committee on Agenda and Procedure (Steering Committee), consisting of the Chair and Deputy Chair, met to consider how to proceed with public hearings on Bill No. 12, *The Consumer Protection Amendment Act, 2005*. At this time, the Steering Committee agreed to meet on February 20 – 22, 2006. In order to obtain views on the Bill, your Committee invited stakeholders and members of the public to make their views known to the Committee, either orally, in writing, or both. To this end, advertisements giving notice of your Committee's proceedings were placed in all of the daily and weekly newspapers in Saskatchewan. In addition, an advertisement was placed on the Legislative Assembly's website and notices of the hearings were mailed to numerous stakeholders.

Your Committee approved the selection of Mr. Justin Messner for the position of Research Officer for the duration of your Committee's consideration and report on Bill No. 12.

Your Committee held its hearings on February 20 and 22, 2006 in the māmawapiwin nāyatl room (Room 8) of the Legislative Building. Your Committee began its deliberations with an opening presentation made by the Minister of Justice and his officials. Your Committee wishes to thank the Hon. Frank Quennell, Ms. Karen Pflanzner, Mr. Al Dwyer, Ms. Susan Amrud and Mr. Keith Laxdal for their cooperation.

Over the course of two days, the following six individuals and organizations appeared before your Committee:

- Grant Roberts, representing Mecca Fitness and Pro Fit Athletic Club in Saskatoon;
- Grant and Joan Clarke, representing Curves For Women and The Blitz for Men in Regina, as well as Clarke Auctioneers in Rouleau;
- Joan and Eldon Dutton, representing Curves for Women in Saskatoon;
- Ruth Robinson and Darrell Noakes, representing the Consumers' Association of Canada / Saskatchewan;
- David Hardy, representing Fitness Industry Council of Canada; and
- Don Shkopich, representing California Fitness Centres in Saskatoon, Regina, and Prince Albert.

Of the six witnesses to make oral presentations to the Committee, five are directly involved in the fitness industry. Of these five, four are owners of fitness centres; the other is Fitness Industry Council of Canada.

In addition to these oral presentations, your Committee has also received a total of ten written submissions.

EXECUTIVE SUMMARY

On February 20 and February 22, 2006, your Standing Committee on Human Services held precedent-setting public hearings into Bill No. 12, *The Consumer Protection Amendment Act, 2005*. The witnesses who appeared before your Committee expressed their appreciation for the opportunity that the new procedure offers members of the public to voice their opinions, and all of them endorsed this development in the legislative process.

The submissions your Committee has received have made one thing clear: public opinion on various aspects of the Bill is divided. The majority of the responses that your Committee has received pertain to those clauses related to personal development services contracts. This Part of the Bill has had the highest profile in the media, receiving the most coverage in print, on the radio, and on television. The profile of these clauses has been such that one newspaper headline termed Bill No. 12 a "Fitness centre bill."[1] The witnesses involved directly in the fitness industry expressed concern with the Bill, stating that they found the Bill too restrictive with regard to businesses. These witnesses recommended altering or removing several provisions, one witness even suggesting that the Bill should not proceed. Conversely, one witness expressed support for the Bill as proposed, even offering suggestions towards further strengthening the Bill.

However, despite the differing opinions on some issues surrounding the Bill, many submissions expressed similar concerns with the proposed legislation, enabling your Committee to identify several key issues. These issues are:

1. Notice of cancellation

Many witnesses expressed concern regarding the clauses in the Bill related to notice of cancellation. The majority of the witnesses at the hearings stated their opposition to the provisions as proposed. These witnesses expressed concern at what they consider the vagueness of the clauses. Your Committee has received many submissions calling for greater detail in these clauses.

2. Cooling-off period

Many witnesses stated their opposition to the cooling-off period proposed for personal development services contracts. The majority of these witnesses, owners of fitness clubs, stated that the ten-day cooling-off period proposed is too long and is likely to lead to financial losses for businesses. Your Committee has received many submissions calling for a shorter cooling-off period.

3. Term-length of personal development services contracts

Your Committee has received several responses concerning the one-year limit proposed for personal development services contracts. Many witnesses at the hearings stated that this limitation would be detrimental to businesses, causing a substantial increase in the cost of administration. These witnesses indicated a desire to offer longer contracts to those consumers who wished to enter into such commitments, stating that longer contracts allow businesses to offer customers substantial discounts. Conversely, one witness stated that longer contracts can cause problems for consumers; this witness expressed support for the limitation. Your Committee has heard arguments from parties on both sides of this debate.

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[1] Hall, Angela. "Fitness centre bill raises ire of private gym owners." *Leader-Post* 21 Feb 2006, B12.

4. Penalties

Many witnesses have responded to the proposed penalties for non-compliance. The witnesses who appeared before your Committee have expressed their opposition to the penalties proposed, stating that they are excessive in the context of personal development services contracts, given the monetary amounts typically involved in such transactions.

5. Liability for directors, etc.

Your Committee has received responses to the personal liability clauses proposed in the Bill. The majority of witnesses who appeared at the hearings are fitness club owners and others representing the fitness industry, and as such, they oppose the liability clause pertaining to personal development services contracts. These witnesses indicated that the clause is excessive, given the monetary amounts typically involved in such transactions. Your Committee has received many submissions that question the extensive nature of the liability provisions.

6. Regulations

Your Committee has received several responses regarding clauses that are to be clarified in the regulations. Witness concerns involve how the regulations will define terms, how this legislation will harmonize with legislation in other jurisdictions, and how the regulations may broaden the scope of the Bill.

Many of the witnesses' concerns in this area are in response to the clauses allowing for cancellation of a personal development services contract due to "material change in the circumstances of the consumer" or "material change in the services provided by the supplier." Witnesses are concerned that the definition of what would constitute such "material change" may allow consumers to cancel their contracts for frivolous or less-than-honest reasons. One witness, on the other hand, expressed support for the clauses, stating the expectation that the details will be defined in the regulations. The definition of "material change" is an issue that has elicited a great deal of response from stakeholders.

7. Exemptions

Many witnesses questioned the need to exempt fitness facilities run by non-profits, co-operatives, charities, municipalities, and government agencies from the requirements proposed for personal development services contracts. The majority of the witnesses who own and operate fitness clubs expressed their opposition to this clause, stating that it would provide an advantage to publicly run facilities. Conversely, the City of Regina supports the clause as proposed, stating that the removal of the exemption would have a detrimental impact on their operations and on the operations of the non-profit community organizations with whom they work. The response to this issue has been great, and your Committee has heard arguments from parties on both sides of the debate.

8. Travel club contracts

Your Committee has received no response to the clauses related to travel club contracts. However, despite the lack of public response, your Committee is of the opinion that there are issues surrounding the protection of customers entering into travel club contracts that require further attention.

SUMMARY OF RECOMMENDATIONS

1. Notice of cancellation

Your Committee recommends that a consumer's notice of cancellation be provided by whatever means are specified in the consumer contract, or that it be provided in accordance with the cancellation provisions contained in *The Business Corporations Act*.

2. Cooling-off period

Your Committee recommends that the cooling-off period for personal development services contracts be reduced from ten days to seven operational days.

3. Term-length of personal development services contract

Your Committee recommends that personal development services contracts be made for a term of no longer than two years and that advance payment for services not exceed one year.

4. Penalties

Your Committee has reservations about the severity of the penalties proposed and recommends that the penalty provisions be aligned with those prescribed in Manitoba's consumer protection legislation.[2]

5. Liability for directors, etc.

Your Committee is very concerned that the extent of the personal liability provisions in the Bill may hamper the start-up of businesses in the province.

6. Regulations

Your Committee recommends that the regulations clearly set out what constitutes a "material change" in circumstances or services and that any change in the location of a business be considered grounds for cancellation.

7. Exemptions

Your Committee recommends that non-profits, co-operatives, charities, municipalities, and other government agencies be exempt from this legislation.

8. Travel club contracts

Your Committee is of the opinion that travel club contracts are not adequately dealt with in the proposed legislation and recommends that alternative protective measures, such as licencing and bonding, be explored. And your Committee also recommends that travel clubs cannot require advance payment of more than a prescribed amount per year.

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[2] *Consumer Protection Act*, C.C.S.M. c. C200, s. 94(1)

RECOMMENDATIONS

Recommendation 1: Notice of cancellation

> **Your Committee recommends that a consumer's notice of cancellation be provided by whatever means are specified in the consumer contract, or that it be provided in accordance with the cancellation provisions contained in *The Business Corporations Act*.**

Your Committee has received several responses from witnesses regarding the clauses in Bill No. 12 that prescribe the manner in which a consumer can cancel a contract.

The majority of the witnesses present at the hearings expressed concern with these clauses, which state, "A notice of cancellation may be expressed in any way as long as it indicates the intention of the consumer to cancel . . . the contract." All of the witnesses representing the fitness industry object to the wording of this clause, indicating that it is vague and may lead to abuse. Their objections are based on the perception that the wording of the clause would allow for customers to cancel by difficult-to-confirm means, such as telephone or email. Fitness Industry Council of Canada stated at the hearings: "Emails, phone calls, faxes – all have the potential to be untracked and lost, thereby pitting the consumer's word against the club with no hard record of a cancellation and also potentially inviting abuse." The City of Regina submits that such an informal cancellation would "[a]t the very least . . . be an unnecessary burden on the City administration to ensure the cancellation is properly documented and proper action is taken to refund payments if required (particularly in view of the harsh penalties for non-compliance under the Act)."

The majority of the witnesses agree that notice of cancellation should be in writing and should be delivered by some means that allows both parties to prove that notice was given and received. The submission of California Fitness, for example, states: "Cancellations should only be provided by a registered letter or a cancellation form signed, dated, and witnessed at a club upon which the member immediately receives a copy of the signed cancellation form."

Your Committee has considered the concerns it has heard regarding notice of cancellation. Your Committee is of the opinion that this clause requires clarification in order to provide adequate protection to both consumers and businesses.

Recommendation 2: Cooling-off period

> **Your Committee recommends that the cooling-off period for personal development services contracts be reduced from ten days to seven operational days.**

A point of great concern among witnesses is the clause that would allow a consumer to cancel a personal development services contract without reason within ten days of entering into the contract and would entitle the consumer to a full refund of any fees paid.

Though not the primary point of concern witnesses have with the Bill, this clause evoked uniformly negative responses from the witnesses representing the fitness industry at the hearings. Every fitness service provider who has submitted his or her views to your Committee has expressed opposition to a ten-day cooling-off period.

Witnesses from the fitness industry asserted that a consumer's commencement of service often involves significant costs to the business. These witnesses cited costs related to administration, initial fitness assessment, and member orientation, all of which occur during the consumer's first visit. Consequently, the requirement to provide a full refund after providing up to ten days' worth of services, the fitness industry witnesses stated, would cause significant losses to the supplier. These witnesses stated that this clause could potentially allow consumers to go from one fitness club to the next, receiving ten days of services, then invoking the right to cancellation with a full refund.

The submission of the City of Regina states, "The City concurs with suggestions made by other service suppliers in their submissions to the legislative committee that this proposed 'cooling off' period is too long and could be abused by consumers." It is the opinion of the City of Regina that a ten-day cooling-off period would be excessive for many of the programs that they offer. Their submission points out that were the Bill to apply to them, many of their shorter courses would take place entirely within the cooling-off period, rendering such programs vulnerable to cancellation by consumers after their completion of the training course. Echoing the concerns of other witnesses, their submission also points out that, in terms of their services, "10 days is 1/3 of the service purchased in a 1-month pass, which make up 72% of pass sales."

Many of the fitness industry witnesses are proponents of a three-day to five-day cooling-off period, which they suggest is sufficient and which many of them currently offer.

Your Committee has considered the concerns of the witnesses and the need to protect consumers. Your Committee is of the opinion that this issue requires a balanced approach that provides a measure of protection to both groups.

Recommendation 3: Term-length of personal development services contract

> **Your Committee recommends that personal development services contracts be made for a term of no longer than two years and that advance payment for services not exceed one year.**

Several witnesses made submissions to your Committee in regards to the clause that restricts personal development services contracts to a maximum term length of one year.

The responses of witnesses to the proposed one-year contract term were divided. Witnesses involved in the fitness industry reacted negatively to these provisions. Conversely, the Consumers' Association of Canada/Saskatchewan supports these provisions.

The witnesses who expressed their opposition to the one-year maximum, all of them business owners, indicated a desire to offer longer contracts to customers who want them. These witnesses stated that longer contracts reduce administration costs and allow businesses to carry out financial forecasting and to plan for major expenditures, such as reinvestment in their facilities. The witnesses submit that longer contracts are often an advantage to both businesses and their customers because longer contracts lower a business' administration costs and provide a more regulated cash flow, allowing the business to offer consumers a lower fee.

Some of these witnesses said that a one-year contract limit might be acceptable were it followed by a continuation of the contract on a month-by-month basis without the requirement to renew. However, these witnesses question the necessity of such a limitation, stating the opinion that providing for payment in monthly instalments affords consumers sufficient protection by limiting their overall outlay of funds.

On the other hand, the Consumers' Association of Canada/Saskatchewan stated its support for the one-year limit on personal development services contracts. "[L]ong-term contracts," they said, "often present problems and risks for consumers." In fact, they suggest further strengthening the protections provided for by the Bill by adding a clause that would prohibit contract renewals until the last portion of the contract term.

Your Committee has considered the benefits that a longer contract-term offers businesses. However, your Committee suggests that there are risks involved for consumers who enter into long-term contracts. Your Committee is of the opinion that this issue requires a balanced approach that provides protection for consumers but avoids being overly restrictive to businesses.

Recommendation 4: Penalties

> **Your Committee has reservations about the severity of the penalties proposed and recommends that the penalty provisions be aligned with those prescribed in Manitoba's consumer protection legislation.**[3]

Your Committee has received responses from witnesses concerned with the severity of the penalties proposed in Bill No. 12. The Bill proposes a maximum fine for individuals of $5,000 for a first offence and $10,000 for a second or subsequent offence; in both cases, the individual is liable to imprisonment for a maximum of one year. In the case of corporations, the maximum fine is $100,000 for a first offence and $500,000 for a second or subsequent offence.

Your Committee has heard two opposing stakeholder responses to the penalty clauses: The witnesses involved in the fitness industry suggested that the penalties are excessive given the monetary amounts typical of transactions that would occur under a personal development services contract. The Consumers' Association of Canada/Saskatchewan, on the other hand, supports the penalties as they are proposed, saying at the hearings that if the goal is "to have an Act with teeth, there has to be some sort of substantial penalty at the end."

In the opinion of the witnesses representing the fitness industry, the severity of the penalties proposed is incommensurate with the severity of any possible contravention of a personal development services contract. The written submission of Fitness Industry Council of Canada (FIC) states, "Typical monthly service offerings within the fitness industry are $30 to $50 per month, and a typical 1 year agreement ranges in cost from $400 to $600 per year." The submission calls the penalties proposed "excessive given the relative size of the transactions they protect." In addition, the witness representing FIC at the hearings expressed concern over the effect of the potential penalties on the ability of fitness clubs to attract staff. The witness pointed out that the severity of the potential penalties may dissuade people from seeking employment in the industry.

The Department of Justice has indicated that the penalties proposed in Bill No. 12 follow the precedent set by other Saskatchewan consumer protection legislation. The existing *Consumer Protection Act*, which has been in effect since 1997, has identical penalty provisions. These provisions, the Department claims, were prescribed after a great deal of consultation with Saskatchewan's business community. The Department points out, "The operative words in the proposed legislation are 'not more than,'" which limits the maximum penalty that a court may impose but otherwise leaves the severity of the penalty to the discretion of the judiciary.

Your Committee has considered the concerns of witnesses regarding the severity of the penalties. Your Committee has reservations about the possible impact of such penalties on business in the province. Your Committee is of the opinion that the penalties proposed are excessive.

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[3] *Consumer Protection Act*, C.C.S.M. c. C200, s. 94(1)

Recommendation 5: Liability for directors, etc.

> **Your Committee is very concerned that the extent of the personal liability provisions in the Bill may hamper the start-up of businesses in the province.**

Your Committee has received responses regarding the personal liability clauses proposed in Bill No. 12. Many witnesses who have made submissions to your Committee expressed their opposition to these clauses.

Many witnesses regard the personal liability provisions proposed as excessive. Several witnesses expressed the opinion that liability insurance of the type and in the amounts that would be made necessary by the proposed penalties would be unavailable or unaffordable to many business owners.

As well, the City of Regina states that the volunteers who run their partner organizations are unlikely to have up-to-date knowledge of changing legislation "due to high turnover rates and the nature of their work as part time volunteer work," which would make the liability clauses a point of concern for such organizations were the amendments to apply to them.

Your Committee has considered the concerns of the witnesses who have submitted their views on the liability clauses. Your Committee has reservations about the possible impact such personal liability provisions may have on business in the province. Your Committee is of the opinion that the liability provisions proposed are excessive.

Recommendation 6: Regulations

> **Your Committee recommends that the regulations clearly set out what constitutes a "material change" in circumstances or services and that any change in the location of a business be considered grounds for cancellation of a contract by a consumer.**

Your Committee has received several responses regarding clauses that are to be clarified in the regulations. Witness concerns involve how the regulations will define terms, how this legislation will harmonize with legislation in other jurisdictions, and how the regulations may broaden the scope of the Bill.

6.1 Regulations defining "material change" for personal development services contracts

One of the concerns that your Committee has heard pertains to the clauses relating to a consumer's right to cancel a personal development services contract due to "material change in the circumstances of the consumer" or "material change in the services provided by the supplier."

All of the fitness industry witnesses responded negatively to these clauses. These witnesses object to the clauses because the criteria defining what constitutes a "material change" have yet to be prescribed. Alternatively, the witnesses representing the Consumers' Association of Canada/Saskatchewan expressed support for the clauses, stating that they "assume that the regulations will provide more details."

Witnesses opposed to these clauses stated concerns that they may allow consumers to cancel a contract for frivolous or less-than-honest reasons. These witnesses are of the opinion that these cancellation provisions will erode consumers' respect for contracts and that any such provisions are open to abuse. Likewise, the City of Regina states that this requirement may put suppliers and their customers at risk of bearing "the burden of unethical customers . . . who could essentially purchase a long-term pass (i.e., 12 months) at a discounted rate and then withdraw after 3-months due to a material change that could have been predicted."

The City of Regina points out as well that the clause regarding a change in services could be particularly harmful to their facilities: "[T]he City submits that because of the very fact that it is a municipal entity it requires some flexibility for temporary closures and for unanticipated events and hosting opportunities that are of benefit to the City as a whole." The City gives as examples of these events the Canada Games and recent labour action by city employees, and it points out that "the City has a precedent of extending expiry on passes and/or providing some measure of compensation for unusual extended closures."

Your Committee has heard the concerns of those witnesses opposed to the "material change" clauses. In response to the concerns of witnesses and Committee members, the Minister of Justice has stated that "when the proposed regulations are drafted all known parties with an interest in the issue will be consulted and provided the opportunity to comment."

However, regarding "material change in . . . services," your Committee suggests that existing regulations in other jurisdictions do not adequately deal with the possibility of the relocation of a facility. Other jurisdictions currently define an acceptable change in a facility's location – a change that would not be grounds for cancellation by the consumer – as a move of up to thirty kilometres from its original location or up to thirty kilometres from the location of the customer. Your Committee is of the opinion that regulations such as these do not protect those consumers who may well have chosen a fitness club based upon its proximity or ease of access.

6.2 Regulations pertaining to remote contracts

The Association of Canadian Financial Corporations (ACFC) submitted a request that your Committee recommend regulations conducive to harmonization of several requirements in the Bill with those in the Ontario *Consumer Protection Act, 2002*. Specifically, they ask that your Committee recommend regulations that would harmonize remote contract requirements regarding disclosure, contract content, notice, and delivery with those in place in Ontario.

ACFC also requests that the Legislative Assembly defer further expansion of the credit card charge-back remedy "until the Consumer Measures Committee's public consultation on the federal-provincial harmonization initiative in this area be completed."

In addition, they state that "the members of the ACFC require at least 6 months notice from the issuance or publication of the regulations, in order to revise forms and procedures to comply with the new provisions."

Your Committee has considered these stakeholder concerns. In its consideration of these issues, your Committee sought the feedback of the Department of Justice. The Department has indicated to your Committee that interested parties will have a chance to comment on the proposed regulations for Bill No. 12 when they are drafted.

6.3 Regulations exempting financial institutions

Credit Union Central of Saskatchewan (SaskCentral) submitted to your Committee a written request regarding the application of the legislation to financial institutions. The submission expresses concern that SaskCentral might fall within the scope of the new legislation as it pertains to personal development services contracts, travel club contracts, or remote contracts. They request that regulations be made exempting from Bill No. 12 institutions regulated by existing legislation, such as *The Credit Union Act*, in the same way they are exempted from *The Consumer Protection Act*.

Your Committee has considered these stakeholder concerns. In its consideration of these issues, your Committee sought the feedback of the Department of Justice. The Department has indicated that the regulation which exempts financial institutions from the application of *The Consumer Protection Act* will be expanded to exempt them from the amendments contained in Bill No. 12 as well.

Recommendation 7: Exemptions for municipalities, non-profits, etc.

> **Your Committee recommends that non-profits, co-operatives, charities, municipalities, and other government agencies should be exempt from this legislation.**

Your Committee has received diverse responses to the proposed exemption of government agencies and municipalities, as well as charities, co-operatives, and not-for-profit organizations. The fitness club owners present at the public hearings expressed the opinion that an exemption would provide an unfair advantage to the largest competitors of privately owned fitness clubs. Likewise, the Consumers' Association of Canada/Saskatchewan suggested that consumer protections should not be limited to transactions with privately owned facilities, but should be extended to all transactions in which a consumer may engage. Conversely, the written submission of the City of Regina strongly supports the exemptions proposed.

The City of Regina states, "[s]uch an exemption is entirely reasonable and appropriate, given the vast quantity, range and extent of services that would otherwise be caught by the legislation." The City asserts that the application of this legislation to their services "*would result in substantial changes to City policies and practices*" and could potentially result in a "*negative impact on the range of leisure opportunities offered, customer service and on participation levels.*"

The City submits that in the event the exemption is removed and they are required to provide written contracts for every fitness and training service they offer, the increase in costs would be "highly disproportionate to any enhanced benefit to the consumer." Their "conservative" estimate of the cost of such changes to their procedure is "an additional 14,000 staff hours at an annual cost of approximately $300,000." The City states that such increased administrative costs "would be passed on to the customer through higher fees which could potentially impact participation levels."

In arguing that they be further exempted from the new rules regarding remote contracts as they apply to personal development services contracts, the City points out, "The majority of City customers currently register by phone and the City is planning to offer registration via the internet in late 2006." They argue that the provisions requiring the supplier to provide a copy of the written contract before payment can be accepted "eliminate any of the advantages of providing for the transaction in this fashion in the first place." Their submission states:

> Providing convenience to its customers/citizens is a major factor in the City's decision to implement technology enhancements for programming registration. It deserves repeating that "[r]esearch done by our own municipality as well as by the provincial and federal governments shows that citizens are looking for quicker ways to do business with all levels of government." The application of Part IV.5 to personal development services provided by the City is highly detrimental to that goal.

In addition to the City's other concerns regarding the cooling-off period, cancellation due to material change, and the penalty and liability clauses, the City's submission points out that removal of the proposed exemption would also bring into the scope of the Bill several of its partner organizations, including groups such as Community Associations and Zone Boards, as well as groups such as "swim clubs, hockey teams, [and] soccer organizations." The City states,

> Community Associations and zone boards alone offered 1196 programs in 2005 to 19,547 participants. Any level of additional administrative requirements on these volunteer based organizations could potentially result in fewer services being offered which, in turn would pose pressure on the City to take on provision of these programs directly.

These organizations, the City states, may find it "too costly to administer the programs or services in the proposed manner and too risky to incur the expenses to offer programs that participants could cancel out of after the programs have already begun."

The City's submission makes a strong, well-documented argument for the retention of the exemption provision as proposed, and it makes a likewise strong case for a similar exemption from the remote contract provisions as they pertain to personal development services contracts.

Your Committee has considered the viewpoints of all witnesses. However, your Committee is of the opinion that fitness facilities run by non-profits, cooperatives, charities, municipalities and government agencies present minimal risk to consumers.

Recommendation 8: Travel clubs

> **Your Committee is of the opinion that travel club contracts are not adequately dealt with in the proposed legislation and recommends that alternative protective measures, such as licencing and bonding, be explored. And your Committee also recommends that travel clubs cannot require advance payment of more than a prescribed amount per year.**

Your Committee has received no feedback from stakeholders representing the travel club industry regarding this Part of the proposed legislation, nor has it received any response from consumers of such businesses.

However, despite the lack of feedback from the public, your Committee has considered the issues surrounding this Part of the Bill. It is your Committee's opinion that the legislation proposed would not provide adequate protection to consumers. Your Committee believes that limiting a travel club membership to one year does not sufficiently protect consumers if the often substantial fees charged by such clubs are paid in advance. Your Committee is of the opinion that further protective measures are required to safeguard consumers who enter into a type of transaction that has proven in the past to pose considerable risk to consumers.

APPENDICES

Appendix 1: List of Groups and Individuals Appearing Before Your Committee

- **Department of Justice**

  Hon. Frank Quennell, Minister of Justice
  Karen Pflanzner, Crown Counsel, Legislative Services
  Al Dwyer, Registrar, Consumer Protection Branch

- Grant Roberts, Mecca Fitness and Pro Fit Athletic Club (Saskatoon)
- Grant and Joan Clarke, Curves for Women (Regina), The Blitz for Men (Regina) and Clarke Auctioneers (Rouleau)
- Joan and Eldon Dutton, Curves for Women (Saskatoon)
- Ruth Robinson and Darrell Noakes, Consumers' Association of Canada/Saskatchewan (Saskatoon)
- David Hardy, Fitness Industry Council of Canada (Edmonton)
- Don Shkopich, California Fitness (Saskatoon)

Appendix 2: List of Documents Received by your Committee

HUS 25/25 **Association of Canadian Financial Corporations:** Written submission regarding Bill No. 12 – The Consumer Protection Amendment Act, 2005.

HUS 26/25 **Curves Fitness Centre – Saskatoon, Saskatchewan:** Written submission by Amanda Risling and oral presentation by Joan Dutton.

HUS 27/25 **Consumer Association of Canada/Saskatchewan:** Written submission from Mrs. Ruth Robinson regarding Bill No. 12 – The Consumer Protection Amendment Act, 2005.

HUS 28/25 **Fitness Industry Council of Canada (FIC):** Written submission from Mr. David Hardy regarding Bill No. 12.

HUS 29/25 **Fitness Industry Council of Canada (FIC):** *A Politically Active Industry . . . A Physically Active Country* (brochure).

HUS 30/25 **Fitness Industry Council of Canada (FIC):** *Tax Deductibility for Fitness Club Memberships* (brochure).

HUS 31/25 **California Fitness Centres:** Written submission from Mr. Don Shkopich regarding Bill No. 12.

HUS 32/25 **Credit Union Central of Saskatchewan**: Written submission regarding Bill No. 12.

HUS 33/25 **Curves Fitness Centre – Saskatoon, Saskatchewan:** Amendments to February 20, 2006, comments.

HUS 34/25 **City of Regina:** Written submission regarding Bill No. 12.

HUS 35/25 **Department of Justice:** Responses to issues raised during public hearings on Bill No. 12.

HUS 37/25 **Department of Justice:** Response to the submission from Credit Union Central of Saskatchewan (SaskCentral).